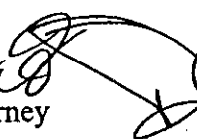


BOARD OF COUNTY COMMISSIONERS

INTER-OFFICE MEMORANDUM

To: Parwez Alam, County Administrator

From: Herbert W.A. Thiele, County Attorney 
Daniel J. Rigo, Assistant County Attorney

Date: December 9, 2004

Subject: Flooded Property Acquisition Program (the Program)
Purchase Offer Letters

Attached for your consideration are five purchase offer letters to the next five applicants on the list of properties in the Flooded Property Acquisition Program, BCC Policy 03-10 (the Policy). Despite our concerns with the appraisals upon which these offers are based, we recommend for the following reasons that you approve and sign these purchase offer letters.

Our concerns with the appraisals result from the appraisers' apparent misunderstanding of the scope of the assignment regarding the need for consideration of any adverse flooding impacts to the properties. Although the appraisals correctly used a retrospective date of value back to the day before the most recent flood event, they incorrectly excluded any analysis of the impact on the value from other flood events known to have occurred prior to that most recent flood event. The appraisers mistakenly believed they were to ignore any such flooding impacts. As a result, the appraisals do not reflect market value as required in the Policy.

On November 17, 2004, Dan Rigo and Andrea Simpson met with Public Works staff and the three appraisal firms under contract with the County in order to discuss the apparent inconsistencies between the appraisal requirements in the Policy and the actual appraisals being prepared. We were informed that in order to correct the most recent appraisals, a subjective analysis would be required for each of the properties, and that such an analysis could not be completed without a significant additional fee. In addition, the appraisers all agreed that flooding impact is a very difficult and time-consuming analysis that is typically ignored by most segments of the market needing appraisal services, i.e., banks and other lenders.

Our office concluded that the current appraisal methodology required in the Policy, which reflects a similar method suggested by FEMA, may not be the best methodology to utilize for the Program. Since most of the flooded properties to be acquired in the Program have experienced multiple flood events, the retrospective date of value would not necessarily eliminate the flooding impact from the valuation and would, therefore, require additional appraisal analysis resulting in a significant increase in the costs of the Program. In addition, the purchase offers resulting from those appraisals would more likely be rejected as being too low which, in turn, would result in a lower chance of meeting the Program's intent of removing residences from these flood-prone areas.

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In order to address the apparent inconsistencies in the implementation of the Policy, our office has retained the services of Arrow Consulting Services, Inc., under the direction of David Bell. Mr. Bell is an acquisition consultant with experience in flooded property acquisitions in Florida and Alabama. With Mr. Bell's assistance in researching other similar local and federal flood relief policies, it is our intention to prepare an agenda request for the January 25, 2005 BCC meeting for the Board to consider any revisions to the Policy which may result in a more consistent and fair implementation of the Flooded Property Acquisition Program. Those changes are likely to include a recommended revision to the appraisal methodology used to determine the purchase offers.

In the meantime, the attached five offer letters represent the last of the fifteen properties which have been appraised under the methodology required in the current Policy. Unfortunately, the previous ten appraisals also ignored any flood events prior to the retrospective date of value, and this mistaken scope of appraisal was not recognized by our office before those offers were presented to the owners. Notwithstanding the concerns of our office in the validity of the appraisals, we recommend that these five offers be presented in the same manner as the ten previous offers made earlier this year under the same appraisal methodology. Of those ten previous offers, seven were accepted by the owners, and those properties have actually been conveyed to the County. We anticipate that, with the help of the consultant, our concerns will be resolved with the revisions to the Policy. If you have any questions regarding this matter, please contact our office.

HWAT/DJR:jm

Enclosures

cc: Tony Park, Director, Public Works Department
Mitzi McGhin, Right of Way Agent
Andrea Simpson, Sr. Assistant to County Administrator